

SENATE BUDGET COMMITTEE

KENT CONRAD, CHAIRMAN

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STATEMENT BY SENATE BUDGET COMMITTEE CHAIRMAN KENT CONRAD (D-ND) ON BUSH ADMINISTRATION ANNOUNCEMENT ON DEBT CEILING

Today we received the sobering news from the Treasury Department that we will again reach the debt limit much sooner than anticipated. This comes on the heels of Treasury's announcement that we will have to borrow more than expected to pay the government's bills and to pay for the Bush tax cut. These disturbing announcements highlight how irresponsible the Bush administration's fiscal policy has been.

Tax receipts are way down, the government is on the verge of default and this administration's response is to propose even more tax cuts. We need to bring some common sense back to Washington. How can the President's economic advisors continue to counsel him to push for making the administration's massive tax cut permanent at a cost of an additional \$400 billion this decade and more than \$4 trillion next decade when we can't pay our bills now and all we see is red ink in the future?

Where will the money come from to pay for the President's tax cut? It will come right out of the Social Security funds paid by American workers. In fact, the Bush budget plan would take \$1.8 trillion out of Social Security trust funds this decade to pay for tax cuts and other spending. This unwise raid of Social Security comes just at the time when the baby boom generation begins retiring.

Last year, many of us warned that the Bush budget never added up. But we were repeatedly assured by the President that we could have it all: a big tax cut, debt paid down, plenty of money for defense, prescription drugs, education and a big reserve fund for unanticipated emergencies. It was simply too good to be true.

While the recession and the attacks on this country certainly played a big part in the near term fiscal deterioration, the President's tax cut remains the number one reason why this country has been plunged back into deficit for as far as the eye can see. The Bush administration forecast surpluses. What we're seeing is big time deficits.

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Instead of paying down some \$89 billion in debt during this April to June quarter as predicted by Treasury Secretary O'Neill in late January, the administration will increase borrowing by \$1 billion – a \$90 billion negative swing in just a little more than three months time.

Two weeks ago the Bush administration told Congress that tax receipts should enable the government to hold off on needing to raise the debt ceiling until the latter half of June. Today, we learn that forecast was also wrong, as the government is just two weeks away from defaulting.

The Bush economic team has a track record no coach could be proud of. By continuing to push for additional tax cuts, without saying how they'll pay for it, the Bush administration is poised to drive this country further into debt to the tune of trillions of dollars. Sadly, if President Bush has his way, that's one forecast that won't be wrong.

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